



ASM PACIFIC TECHNOLOGY LIMITED

(Incorporated in the Cayman Islands with limited liability)

INTERIM FINANCIAL REPORT FOR THE SIX MONTHS ENDED 30TH JUNE, 2001

The Directors of ASM Pacific Technology Limited are pleased to make the following announcement.

RESULTS

For the six months ended 30th June, 2001, the Group achieved turnover amounting to HK\$992,018,000, representing a decrease of 48.8% as compared with HK\$1,937,027,000 for the same period of the previous year. The Group's consolidated profit after taxation for the six months is HK\$200,161,000, which is also 61.5% less than the corresponding period in 2000. Basic earnings per share for the six-month period amounted to HK\$0.53 (2000: HK\$1.38).

DIVIDENDS

The Board of Directors has resolved to pay an interim dividend of 36.0 cents (2000: 30.0 cents) per share. The Register of Members will be closed from 16th August, 2001 to 22nd August, 2001 both days inclusive. In order to qualify for the interim dividend, all transfers, accompanied by the relevant share certificates, must be lodged with the Company's Share Registrars, Secretaries Limited at 5/F, Wing On Centre, 111 Connaught Road Central, Hong Kong, not later than 4:00 p.m. on 15th August, 2001. The interim dividend will be paid on or about 23rd August, 2001.

REVIEW

In spite of the ongoing harsh business environment in the semiconductor industry, ASM still achieved a Group turnover of US\$127.2 million and decent profitability in the last six months. Return on capital employed and on sales were 11.4% and 21.1% respectively for the six months ended 30th June, 2001. This was largely due to our strategy of diversified products serving different application markets, such as chip-on-board, opto-electronics, discrettes, power, IC packaging, etc., and new products like strip test, integrated saw with pick and place system, plus die and wire bonders for laser diodes assembly.

Although our assembly equipment revenue, which ranked 2nd in the world in 2000, was US\$105.7 million, or down by 50.1% as compared with the same period last year, ASM has surpassed the leading competitor's revenue in past months. This reflects the solid foundations the Company has built over the years and our gain in market position. Furthermore, with our leading edge products serving the opto-electronics sector, ASM's bonding equipment registered a major increase in revenue from the Japanese market, with our first half sales there already exceeding any previous full year period.

Starting with the PC industry and later spreading across all sectors of the electronic end product markets from telecom to consumer, the electronics industry and its supply chain entered their industry correction phase in the 4th quarter of last year. The second wave, which was more severe and affected all leading companies in the food

chain, began in January–February of 2001. With the prevailing out-sourcing business model and modern information technology tools, companies now gate their material inflows from their suppliers, and this resulted in a rapid and steep decline in demand for semiconductors.

Coupled with the uncertain economic environment in the United States, Japan and now also Europe, excessive pessimism resulted in the unprecedented, softest semiconductor market since 1985. As the industry has expanded many fold over the years, the cyclical downturns have become correspondingly more painful. Many analysts describe the current downturn as the most severe in the history of the semiconductor and semiconductor equipment industries.

In the recent quarter, sales figures reported by the semiconductor industry showed sequential month-on-month, quarter-on-quarter and year-on-year decline. Similarly, the book-to-bill ratio of the North American semiconductor equipment industry dropped to 0.44 in April amidst already low billing figures. With such dismal market conditions and having installed major capacity and capability in year 2000, many IC packaging customers including the integrated devices manufacturers (IDMs) either delayed scheduled deliveries or cancelled some of their outstanding orders. Capital investment budgets were slashed and many equipment purchases were postponed.

Naturally, leading companies are not immune to such major industry fluctuation. After our success in the IC packaging market segment in the last three years, ASM is now feeling the pain in all capacity-related products, especially die and wire bonders. Due to weak inflows and some cancellations, our order backlog, which stood at US\$120 million in the beginning of the year, was reduced to over US\$40 million by the end of June.

However, an industry slowdown represents the best opportunity to cultivate new customers and carry out field evaluations. Apart from preparing ourselves for volume production and the ability to provide prompt delivery when the market comes back, we have sent out a number of our high performance AB339 Eagle gold wire bonders to existing and potential customers for benchmarking and qualification; feedbacks on machine performance are encouraging.

To continue building a stronger company and emerge as the leader of the industry, we have made no cutback in research and development or marketing, and proceeded with the various capital investment programs in building capabilities. To sustain profitability, we have naturally taken prudent measures to reduce fixed and variable costs, including pushing out salary adjustment, trimming manufacturing headcount and jobs rationalization.

After paying last year's final dividend of HK\$322.8 million in April and capital investment of HK\$109 million during the first half, net cash on hand as of 30th June, 2001 only decreased slightly to HK\$615.5 million, (HK\$648.8 million as of 31st December, 2000). Days sales outstanding dropped to 61 days and total inventory also reduced by 10% as compared with six months ago. Current ratio stands at 3.41, with zero long-term debt, and debt-equity ratio has been further reduced to 25.6%. With no short term funding needs and an on-going positive cashflow from operating profit and depreciation, these figures permit ASM to sustain a high level of dividend.

PROSPECTS

Industry analysts now forecast a negative growth of 20–25% for the semiconductor industry this year, after an increase of 37% in year 2000. Even unit volume is expected to shrink. The semiconductor equipment industry, which grew 80% last year, is expected to drop 40–50% this year.

With such major corrections, industry analysts predict the semiconductor industry to be in a trough during the 2nd and 3rd quarters of this year, but anticipate an increased level of activity in the 4th quarter. The current under-loading situation at practically all semiconductor assembly factories results in poor market visibility and weak equipment order inflows, especially for capacity-related products. As customers will demand extremely short leadtimes when they place equipment orders, we must be prepared for both a sudden surge in demand or a prolonged weak market till mid-2002.

In July, we are launching our new generation, high speed, and innovative IC die bonder capable of 12, 8 and 6 in. wafers. Concurrently we are also introducing our high precision, eutectic solder process bonder for 'flip chip in package' application. In addition, our new ball placement, reflow and cleaning line (BPLine) is already setting new standards for machine footprint and process capability. Together with our strip test, integrated saw with pick and place system, ASM is pioneering an IDEALine solution for chip scale ball array packages (CSBGA).

These products, coupled with the new gold and aluminum wire bonders, IDEALmold and strip test handler introduced in 2000, should enable ASM to gain market share during the challenging months ahead. Our rejuvenated and new product portfolio, all elements of which have been brought to market within the last two years, gives us a powerful presence in the assembly equipment arena.

Furthermore, with the availability of no post-mold-cure epoxies, strip test and the industry's diversification towards high density ball array and unleaded packages, our IDEALine factory automation solution enables customers to achieve major reductions in manufacturing cycle time. Time from wafer in to packaged and tested units out is reduced from a few days to less than an hour. Work-in-progress (WIP) is slashed to a fraction of that in the past. It also permits easy access to real time production floor information.

As the manufacturer of the various key process modules and having built extensive production experience with the factory automation software, ASM is crucially well positioned in the market. We will thus be rewarded for leading the semiconductor assembly and test industry in their move from islands of automation to the most efficient manufacturing approach — the fully integrated assembly line.

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended	
		30th June,	
		2001	2000
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
<i>Notes</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
	Turnover	992,018	1,937,027
	Cost of sales	<u>(583,430)</u>	<u>(1,086,570)</u>
	Gross profit	408,588	850,457
	Other revenue	26,167	19,589
	Selling expenses	(72,758)	(138,305)
	General and administration expenses	(53,466)	(84,886)
	Research and development expenses, net	<u>(85,221)</u>	<u>(83,019)</u>
	Profit from operations	223,310	563,836
	Interest on bank borrowings wholly repayable within five years	<u>(34)</u>	<u>(2,713)</u>
	Profit before taxation	223,276	561,123
	Taxation	<u>(23,115)</u>	<u>(40,603)</u>
	Net profit for the period	<u><u>200,161</u></u>	<u><u>520,520</u></u>
	Dividends	<u><u>136,723</u></u>	<u><u>113,692</u></u>
	Earnings per share	5	
	— Basic	<u><u>HK\$0.53</u></u>	<u><u>HK\$1.38</u></u>
	— Diluted	<u><u>HK\$0.53</u></u>	<u><u>HK\$1.37</u></u>

CONDENSED CONSOLIDATED BALANCE SHEET

		At 30th June, 2001 (Unaudited) HK\$'000	At 31st December, 2000 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment	6	<u>793,403</u>	<u>768,794</u>
Current assets			
Inventories		622,636	691,809
Trade and other receivables	7	401,557	788,522
Bank balances and cash		<u>615,505</u>	<u>648,804</u>
		<u>1,639,698</u>	<u>2,129,135</u>
Current liabilities			
Trade and other payables	8	366,652	694,054
Taxation		112,037	93,818
Bank overdrafts, unsecured		<u>2,264</u>	<u>30</u>
		<u>480,953</u>	<u>787,902</u>
Net current assets		<u>1,158,745</u>	<u>1,341,233</u>
		<u>1,952,148</u>	<u>2,110,027</u>
Capital and reserves			
Share capital	9	37,979	37,979
Reserves	10	1,762,210	1,732,804
Proposed dividend		<u>136,723</u>	<u>322,817</u>
		1,936,912	2,093,600
Non-current liabilities			
Deferred taxation		<u>15,236</u>	<u>16,427</u>
		<u>1,952,148</u>	<u>2,110,027</u>

CONDENSED CONSOLIDATED STATEMENT OF RECOGNISED GAINS AND LOSSES

	Six months ended	
	30th June,	
	2001	2000
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net profit for the period	200,161	520,520
Net loss not recognised in the condensed consolidated income statement in respect of exchange differences on translation of financial statements of overseas operations	<u>(34,032)</u>	<u>(21,599)</u>
Total recognised gains	<u><u>166,129</u></u>	<u><u>498,921</u></u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Six months ended	
	30th June, 2001	
	<i>(Unaudited)</i>	
	<i>HK\$'000</i>	
Net cash inflow from operating activities		396,072
Net cash outflow from returns on investments and servicing of finance		(307,509)
Net tax paid		(6,087)
Net cash outflow from investing activities		<u>(108,895)</u>
Decrease in cash and cash equivalents		(26,419)
Cash and cash equivalents at beginning of the period		648,774
Effect of foreign exchange rate changes		<u>(9,114)</u>
Cash and cash equivalents at end of the period		<u><u>613,241</u></u>

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the six months ended 30th June, 2001

1. ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost convention.

The interim financial report has been prepared in accordance with the Statement of Standard Accounting Practice 25 "Interim financial reporting" ("SSAP 25") issued by the Hong Kong Society of Accountants, except that comparative figures are not presented for the condensed consolidated cash flow statement, being the first condensed consolidated cash flow statement to be included in the interim financial report relating to accounting period ended on or after 1st July, 2000. Such departure from SSAP 25 is permitted under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

In the current period, the Company has adopted Statement of Standard Accounting Practice 9 (Revised) "Events after the balance sheet date" ("SSAP 9 (Revised)") for the first time. SSAP 9 (Revised) specifies that dividends declared after the balance sheet date but before the interim financial report was authorised for issue should be disclosed as a separate component of equity. In prior periods, dividends declared after balance sheet date was recognised as liabilities in the balance sheet. The SSAP 9 (Revised) has been applied retrospectively.

The accounting policies adopted are consistent with those followed in the Group's annual audited financial statements for the year ended 31st December, 2000.

2. SEGMENT INFORMATION

Business segments

	Turnover		Profit before taxation	
	Six months ended 30th June,		Six months ended 30th June,	
	2001	2000	2001	2000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Manufacturing and marketing of:				
Equipment	824,618	1,647,260	206,465	506,632
Leadframe	<u>167,400</u>	<u>289,767</u>	<u>2,729</u>	<u>50,583</u>
	<u>992,018</u>	<u>1,937,027</u>	209,194	557,215
Interest income, net of interest expenses			<u>14,082</u>	<u>3,908</u>
			<u>223,276</u>	<u>561,123</u>

2. SEGMENT INFORMATION (CONTINUED)

Geographical segments

	Turnover	
	Six months ended 30th June,	
	2001	2000
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
Malaysia	165,128	470,695
Mainland China	154,903	100,901
Taiwan	146,811	340,894
Singapore	93,739	125,782
Philippines	86,324	259,287
Hong Kong	75,724	82,736
Japan	66,856	26,479
Thailand	64,263	183,205
Europe	46,941	48,291
Korea	40,350	231,240
United States	36,362	44,849
Others	<u>14,617</u>	<u>22,668</u>
	<u><u>992,018</u></u>	<u><u>1,937,027</u></u>

Contribution to profit by geographical segments has not been presented as the contribution to profit from each segments is substantially in line with the overall Group ratio of profit to turnover.

3. DEPRECIATION

During the period, depreciation of HK\$75.3 million (2000: HK\$74.1 million) was charged in respect of the Group's property, plant and equipment.

4. TAXATION

	Six months ended	
	30th June,	
	2001	2000
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>HK\$'000</i>	<i>HK\$'000</i>
The charge comprises:		
Hong Kong Profits Tax	21,741	37,657
Taxation in other jurisdictions	<u>2,565</u>	<u>2,946</u>
	24,306	40,603
Deferred taxation credit	<u>(1,191)</u>	<u>—</u>
	<u><u>23,115</u></u>	<u><u>40,603</u></u>

4. TAXATION (CONTINUED)

Hong Kong Profits Tax has been provided at 16% of the estimated assessable profit for the period.

Taxation in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The deferred tax credit mainly relates to tax effect of timing difference attributable to difference of depreciation allowances for tax purposes and depreciation charged in the financial statements.

5. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	Six months ended 30th June,	
	2001	2000
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Earnings for the purposes of basic and diluted earnings per share	<u>200,161</u>	<u>520,520</u>
	Number of shares (in thousand)	
Weighted average number of ordinary shares for the purposes of basic earnings per share	379,785	377,547
Effect of dilutive potential ordinary shares from Employee Share Incentive Scheme	<u>1,382</u>	<u>1,441</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>381,167</u>	<u>378,988</u>

6. ADDITIONS TO PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK\$109.1 million (2000: HK\$349.4 million) on acquisition of property, plant and equipment.

7. TRADE AND OTHER RECEIVABLES

	As at	
	30th June,	31st December,
	2001	2000
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
Trade receivables	332,016	695,092
Other receivables, deposits and prepayments	59,586	76,040
Amounts due from ASM International N.V. ("ASM International") group companies — trade (Note a)	<u>9,955</u>	<u>17,390</u>
	<u>401,557</u>	<u>788,522</u>

7. TRADE AND OTHER RECEIVABLES (CONTINUED)

Payment terms with customers are mainly on credit together with deposits. Invoices are normally payable within 30 to 60 days of issuance, except for certain well established customers, where the terms are extended to 3 to 4 months.

The aged analysis of trade receivables at the reporting date is as follows:

	As at	
	30th June, 2001 <i>(Unaudited)</i> HK\$'000	31st December, 2000 <i>(Audited)</i> HK\$'000
Not yet due	167,989	318,867
Overdue within 30 days	55,460	189,516
Overdue within 31 to 60 days	32,292	110,122
Overdue within 61 to 90 days	34,003	44,080
Overdue over 90 days (<i>Note b</i>)	<u>42,272</u>	<u>32,507</u>
	<u><u>332,016</u></u>	<u><u>695,092</u></u>

Notes:

- (a) Amounts due from ASM International group companies are unsecured, non-interest bearing and repayable according to normal trade terms.
- (b) Approximately 41.8% of the balances overdue over 90 days has been settled up to this report date.

8. TRADE AND OTHER PAYABLES

	As at	
	30th June, 2001 <i>(Unaudited)</i> HK\$'000	31st December, 2000 <i>(Audited)</i> HK\$'000
Trade payables	122,487	395,657
Other payables and accrued charges	243,995	297,350
Amounts due to ASM International group companies		
— trade (<i>Note</i>)	<u>170</u>	<u>1,047</u>
	<u><u>366,652</u></u>	<u><u>694,054</u></u>

Note: Amounts due to ASM International group companies are unsecured, non-interest bearing and repayable according to normal trade terms.

8. TRADE AND OTHER PAYABLES (CONTINUED)

The aged analysis of trade payables at the reporting date is as follows:

	As at	
	30th June, 2001 <i>(Unaudited)</i> HK\$'000	31st December, 2000 <i>(Audited)</i> HK\$'000
Not yet due	65,951	227,838
Overdue within 30 days	26,070	100,416
Overdue within 31 to 60 days	16,293	60,676
Overdue within 61 to 90 days	8,750	3,026
Overdue over 90 days	<u>5,423</u>	<u>3,701</u>
	<u>122,487</u>	<u>395,657</u>

9. SHARE CAPITAL

	As at	
	30th June, 2001 <i>(Unaudited)</i> HK\$'000	31st December, 2000 <i>(Audited)</i> HK\$'000
Issued and fully paid:		
Shares of HK\$0.10 each		
At the beginning of the period	37,979	37,696
Shares issued under the Employee Share Incentive Scheme	<u>—</u>	<u>283</u>
At the end of the period	<u>37,979</u>	<u>37,979</u>

The authorised share capital of the Company is HK\$50 million, comprising 500 million shares of HK\$0.10 each.

10. RESERVES

	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at 1st January, 2001	126,528	70,944	(66,537)	1,601,869	1,732,804
Currency realignment on translation of financial statements of overseas operations	—	—	(34,032)	—	(34,032)
Net profit for the period	—	—	—	200,161	200,161
Dividends	—	—	—	(136,723)	(136,723)
Balance at 30th June, 2001	<u>126,528</u>	<u>70,944</u>	<u>(100,569)</u>	<u>1,665,307</u>	<u>1,762,210</u>

11. RELATED PARTY TRANSACTIONS

During the period, the Group paid management fee of HK\$750,000 (2000: HK\$750,000) to ASM International under a consultancy agreement between ASM International and the Company. Pursuant to the agreement, an annual management fee of HK\$1.5 million is payable to ASM International who acts as a consultant, introduces new business and provides assistance in business development, general management support and services, international expertise and market information to the Group. The agreement, which commenced on 5th December, 1988, was for an initial period of three years and is terminable thereafter by six months' notice in writing by either party.

The Group also trades with ASM International group of companies in its normal course of business and in the opinion of the Directors, the transactions were carried out at market price. Sales to ASM International group of companies during the period amounted to HK\$5,466,000 (2000: HK\$5,866,000)

12. CONTINGENT LIABILITIES

	As at	
	30th June, 2001 <i>(Unaudited)</i> <i>HK\$'000</i>	31st December, 2000 <i>(Audited)</i> <i>HK\$'000</i>
Guarantees given	<u>1,692</u>	<u>7,389</u>

13. CAPITAL COMMITMENTS

	As at	
	30th June, 2001 <i>(Unaudited)</i> HK\$'000	31th December, 2000 <i>(Audited)</i> HK\$'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the financial statements	15,607	83,622
Capital expenditure in respect of acquisition of property, plant and equipment authorised but not contracted for	<u>55,775</u>	<u>111,366</u>
	<u><u>71,382</u></u>	<u><u>194,988</u></u>

DIRECTORS' INTEREST IN SHARES

Details of the beneficial interests of the Directors in the share capital of the Company and its associated corporations as at 30th June, 2001 as recorded in the register maintained under Section 29 of the Securities (Disclosure of Interests) Ordinance ("SDI Ordinance") are as follows:

	Personal interests	Family interests	Corporate interests	Other interests
Arthur H. del Prado (<i>Note</i>)	—	—	—	—
Lam See Pong, Patrick	2,970,000	—	—	—
Fung Shu Kan, Alan	276,000	—	—	—
Orasa Livasiri	—	—	—	—
Paulus Cornelis van den Hoek	1,370,000	—	—	—

Note: As at 30th June, 2001, Arthur H. del Prado, member of his immediate family and a foundation controlled by him together held about 23.42% of the issued share capital of ASM International. A wholly owned subsidiary of ASM International, Advanced Semiconductor Materials (Netherlands Antilles) N.V. hold 207,427,500 shares of the Company as at 30th June, 2001.

Save as disclosed above and other than certain nominee shares in subsidiaries held by the Directors in trust for the Company or its subsidiaries, none of the Directors or chief executives held any interests in the share capital of the Company or its associated corporations as defined in the SDI Ordinance at 30th June, 2001.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Other than the Employee Share Incentive Scheme, none of the Directors or chief executives or their spouses or children under the age of 18 had any right to subscribe for shares of the Company, or had exercised any such right during the six months ended 30th June, 2001; and at no time during the six months ended 30th June, 2001 was the Company or its holding companies or any of its fellow subsidiaries or subsidiaries a party to any arrangements to enable the Directors of the Company or their associates to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 30th June, 2001, the register of substantial shareholders maintained under Section 16(1) of the SDI Ordinance shows that, other than the interest disclosed in “Directors’ interest in shares” above in respect of Arthur H. del Prado, The Capital Group Companies, Inc. are holding 49,871,300 shares, representing 13.1% of the issued share capital of the Company.

PURCHASE, SALE OR REDEMPTION OF SHARES

There has been no purchase, sale or redemption of shares of the Company by the Company or any of its subsidiaries during the period.

AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control, and financial reporting matters including the review of the unaudited interim financial statements.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

None of the Directors is aware of any information that would reasonably indicate that the Group was not in compliance with the Code of Best Practice as set out in Appendix 14 of the Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the six months ended 30th June, 2001.

On behalf of the Board

Patrick Lam See Pong

Director

Hong Kong, 23rd July, 2001